2005 Energy Report Proceeding

Staff Proposal for Electricity Supply and Transmission Planning

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Scope

- Chronology of Planning Coordination
- Overview of Staff Integration Proposal
- Overview of Staff Strategic Transmission Planning Proposal

Chronology of Planning Coordination

- In the CPUC 2002 procurement proceeding the CEC testimony and briefs called for greater coordination.
- SB 1389 was passed in the fall of 2002 and became effective 1/1/2003.
- In the spring of 2003, the joint agency EAP called for using CEC “information and analyses” as the foundation for energy planning by each agency.
- In the CPUC 2003 procurement proceeding the CEC proposed the Integrated Planning, Procurement and Monitoring concept to integrate separate efforts.
- CPUC D.04-01-050 requires IOUs to use the 2003 IEPR results as the “base case” or as an alternative scenario.

Chronology of Planning Coordination

- For the 2004 CPUC procurement proceeding, the CEC is a collaborating agency and not a party. CEC Staff have assisted in review of IOU resource plans, and in development of resource adequacy requirements.
- Following the August 18, 2004 workshop, the IEPR Committee issued a scoping order on Sept. 3 indicating its intentions to rely heavily on load forecasts, resource plans and other inputs from LSEs.
- On September 16, 2004, President Peevey issued his Assigned Commissioner Ruling summarizing how 2005 IEPR products would flow into the 2006 CPUC procurement proceeding and the 2006 ISO annual grid planning process.
- The ALJ LTPP PD issued Nov. 16 endorses the Peevey ACR.

Scope of Staff Proposal

- The state needs to review the adequacy of LSE resource planning.
  - Recent reliability concerns in Southern California reveal that statewide overviews as the CEC has practiced are insufficient.
  - CPUC procurement oversight is focused on IOU bundled service.
  - No comprehensive oversight of municipal utility planning exists.
- CPUC jurisdictional resource adequacy requirements of D.04-01-050 and D.04-10-035 will be helpful for near-term reliability assessments, but long-term assessments are critical for resource development.
- SB 1565 confirms that strategic transmission planning is critical for the entire state, not just ISO control area.

Rationale for the Staff Proposal

- Coordination between CEC and CPUC:
  - It is critical to ensure IOUs provide complete inputs into Energy Report proceeding and to avoid duplication.
  - Peevey ACR is a good foundation, which this proposal attempts to elaborate to a more functional level, critical to identify data needs.
- Coordination between CEC and ISO:
  - ISO needs a recognized source for load forecasts and generation expansion plans in order to do good transmission assessment.
  - Disaggregating load forecasts to support transmission assessments was recognized in 2003 IEPR.
  - Disaggregating load forecasts as part of deliverability assessments is newly important to implement CPUC D.04-07-028 and D.04-10-035.
- Coordination between ISO and project permitting authorities:
  - ISO desires reduced uncertainty that projects it approves for reliability can actually get licensed expeditiously.

Generation/Transmission Integration

- Numerous entities support more integrated generation and transmission planning:
  - CAISO efforts to create the TEAM methodology and to get mechanisms for the CPUC to accept results of the annual grid planning process
  - CPUC direction to IOUs preceding filing of LTPP
  - SSG-WI fall 2003 transmission study featuring three generation development-themed scenarios
- Staff proposal would require integrated assessments for major proposals

Resource Assessments

- To elaborate the Sept. 16 Peevey ACR, staff proposes three stages for resource assessment.
- **Stage 1**:
  - LSEs submit and staff reviews resource plans (and load forecasts) to identify net open positions and need for resource additions
  - Uncertainty analyses submitted after scoping workshop to determine key factors and analytic methods
  - Key variables “refreshed” near adoption
  - Range of need identified (for IOUs forwarded to CPUC as basis for 2006 procurement proposals)
- **Stage 2** consists of analyses to identify resource options, attempt to quantify integration concerns, identify tradeoffs, conduct special studies.

Resource Assessments

- **Stage 3**:
  - Identify “progress to plan” for EAP loading order preferred resource categories
  - Review tracking and evaluation systems to ensure stronger feedback loops are developed
  - Propose broad statewide policy recommendations

Strategic Transmission Planning

- Drivers for *2005 Energy Report* transmission work:
  - *2003 Energy Report* recommendations
  - *2004 Energy Report Update* recommendations
  - Sept. 16, 2004 Peevey ACR
  - PRC section 25324 (SB 1565, Chapter 692, signed on Sept. 22, 2004)

Strategic Electricity Grid Plan

- PRC section 25324 requires Energy Commission to adopt a strategic transmission plan that identifies and recommends actions required to implement investments to
  - Ensure reliability
  - Relieve congestion
  - Meet future load growth
  - Satisfy state RPS goals
- The plan will build on the 2004 CA ISO annual grid plan results, the submittals of the LSEs, and the 2005 Energy Report record

Goals for Transmission Planning Process for 2005

- Build upon 2004 CA ISO annual grid planning results
- Examine statewide future corridor needs
- Quantify strategic benefits, including insurance premiums
- Explore incorporation of social discount rate into planning and permitting decisions
- Provide early examination of transmission alternatives (to expedite the transmission permitting process)
- Provide transmission project input to the procurement process
- Facilitate interconnection of preferred resources (e.g., renewables)

Collaborative Corridor Planning Activities

- Investigate concepts of right-of-way banking, state adoption of corridors, and program Environmental Impact Reports
- For corridors within state- and federally-controlled lands, investigate development of coordinated policy for designating and banking multiple use infrastructure corridors.
- Perform macro-level corridor viability assessments for projects likely to require a CPCN in the near term.

Renewables-related Transmission Activities

- Conduct assessment of operational issues associated with integrating renewables into the CA grid
- Investigate need for modifying CA ISO tariff to include transmission projects to meet RPS goals.
- Continue participation in Tehachapi Study Group.
- Participate in newly-formed Salton Sea Study Group.